Saskatchewan - Dept. Repts.

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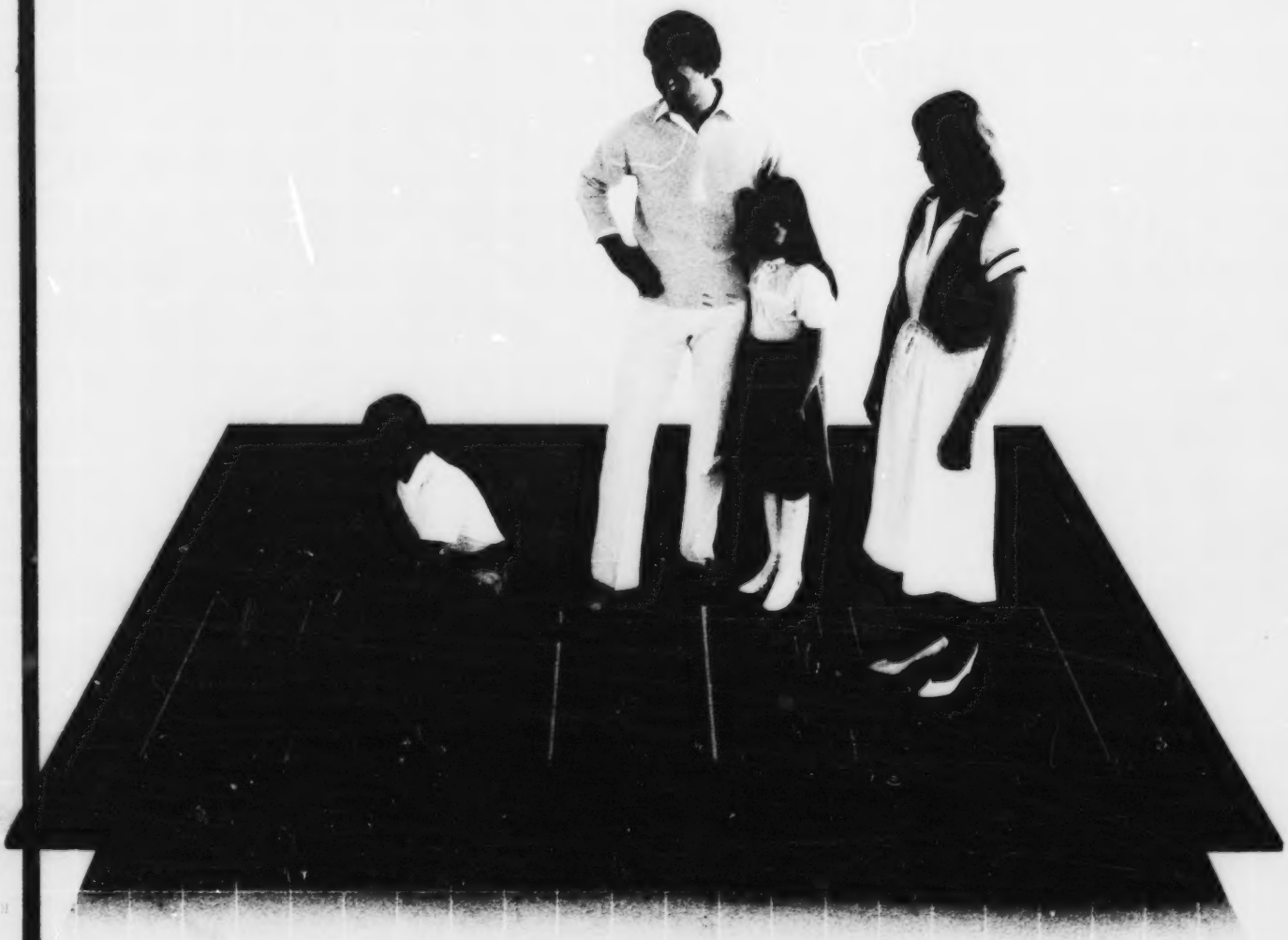
Saskatchewan Housing Corporation

Annual Report 1981



Saskatchewan Housing Corporation

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Regina, Saskatchewan
April 1, 1982

To His Honour
The Honourable C. Irwin McIntosh,
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Housing Corporation for the period January 1 to December 31, 1981, including financial statements for the year duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Saskatchewan Housing Corporation Act.

I have the honour to be, Sir

Your obedient servant,

Walter E. Smishek
Minister in Charge of the
Saskatchewan Housing Corporation

Hon. Walter Smishek, Chairman
Regina

Hon. Don Cody, Vice-Chairman
Regina

Hon. Herman Rolfes
Regina

Leo Fritz
Saskatoon

Murray Hamilton
Prince Albert

Hewitt Helmsing
Regina

David Innes
Regina

Sharon Jensen
Hudson Bay

Lawrie McFarlane
Regina

Alice Munroe
Moose Jaw

Dan Baldwin, Secretary to the Board
Crown Investments Corporation

Retired In 1981

Leonard Reinhorn
Regina

High interest rates continue to have a negative impact on the performance of the housing sector across Canada. In Saskatchewan, housing starts during the year totalled 5,972, close to the previous year's starts of 6,250, but far short of the 10,000 starts required annually to meet the demand for new housing in Saskatchewan.

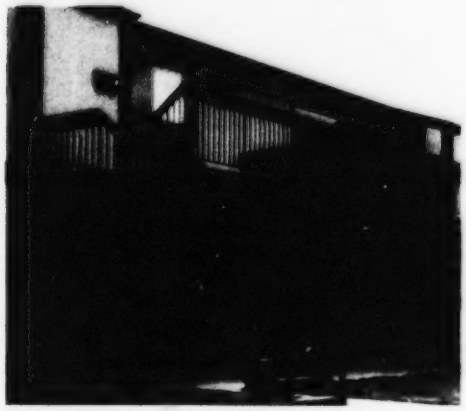
In an effort to counter the worst effects of high interest rates, the Corporation continued to emphasize the development of rental housing for low and moderate income families and senior citizens. The Corporation was involved in the financing of 1,628 rental units in 1981 under its various rental programs.

The Corporation also placed increasing emphasis on assistance for low and moderate income families to purchase new homes.

The Co-operative House Building Program attracted a record number of families in 1981, with 407 homes started. The Farm Housing Program, introduced in 1981, also proved extremely popular, with 254 new farm homes being approved. Both programs provide mortgage loans with a fixed ten year term at favourable interest rates and, when required, monthly subsidies of up to $150.

Activity under the Rural Housing Program, which provides home ownership to lower income families in smaller Saskatchewan communities, increased to 142 units in 1981.

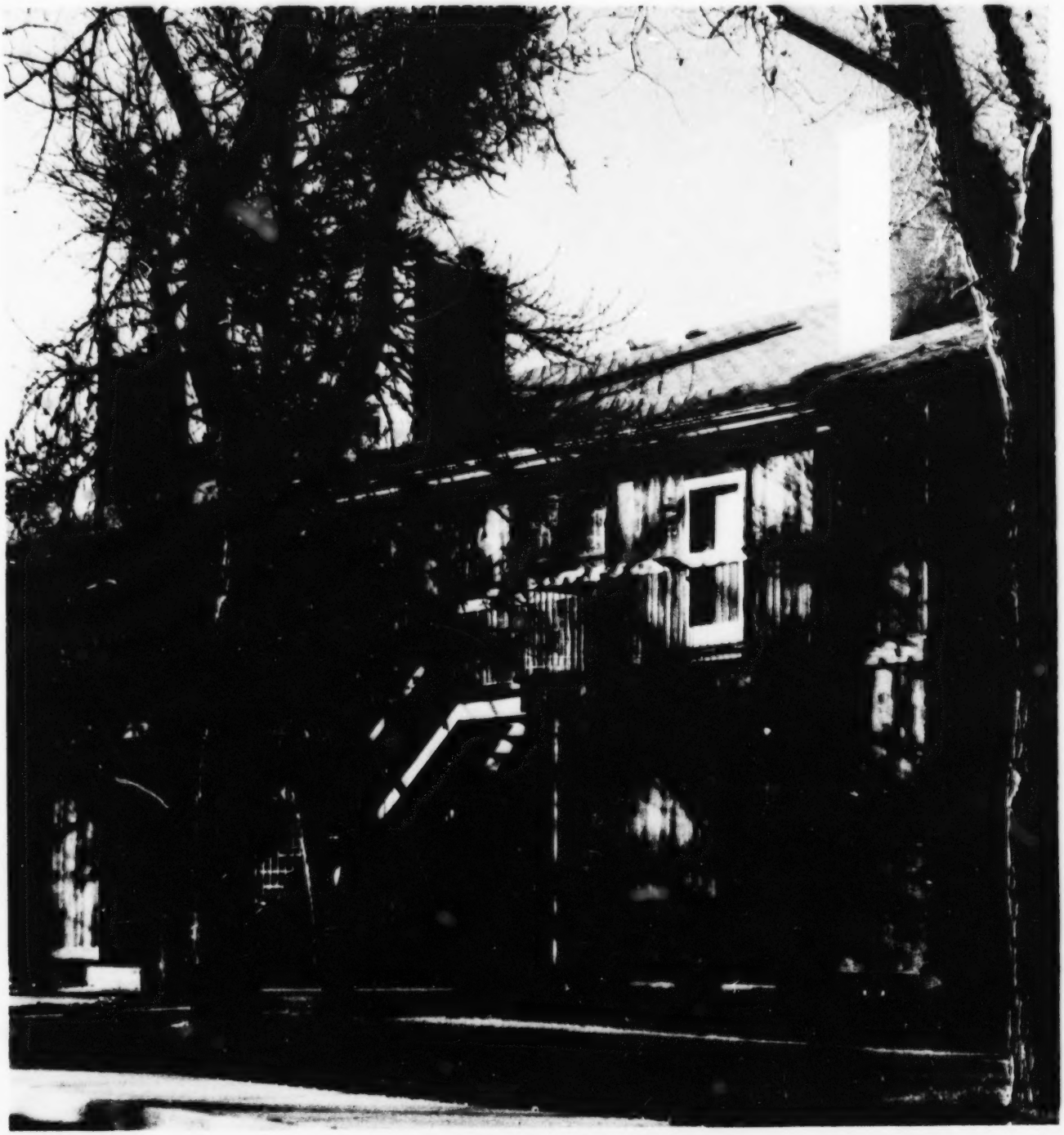
1981 was the International Year of Disabled Persons. The Corporation responded to the needs of the disabled by introducing a home repair grant of up to $2,000 to assist them with home modifications. Under this program, and the Corporation's other home repair programs, 6,460 grants and loans were made to Saskatchewan families for home renovations in 1981.



Non-Profit Rental Housing, Tisdale.

Rural Housing, Martensville.

Non-Profit Rental Housing,
Ottawa Street, Regina.



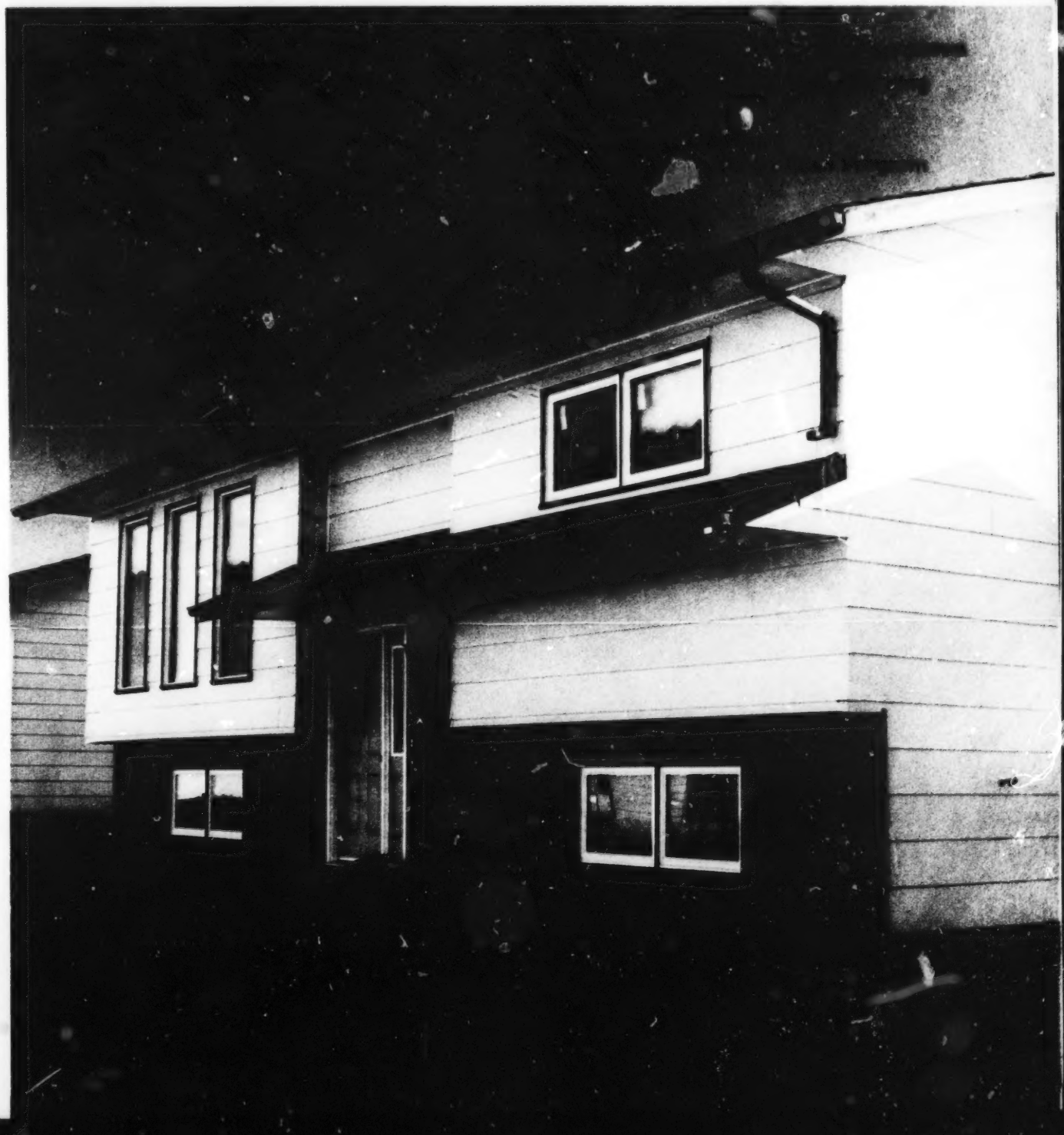
Energy conservation continues to be a priority of the Corporation. The spring of 1981 witnessed the official opening, in several centres throughout the province, of six existing houses which were extensively renovated to reduce energy consumption by 50% to 90%. The project was designed to stimulate public interest in energy conservation techniques for existing housing and was open for public viewing for much of the year.

In 1981, the Home Energy Loan Program was introduced. Administered in conjunction with the Saskatchewan Power Corporation, this program provides a $3,000 interest free loan for the construction of energy efficient housing. By year end, 333 home builders had applied to the Corporation for certification of housing units under the program.

Development of the Infill Housing Program continued in 1981. Early in the year, the Corporation sponsored a major architectural competition to generate new concepts for the design of inner-city housing that would be both cost effective and compatible with the existing neighbourhoods. As the year progressed, contracts were awarded for 258 new and renovated units in the infill neighbourhoods in the City of Regina. Preliminary work was undertaken to expand the program into other centres in the province.

Non-Profit Rental Housing, Infill Construction, Retallack Street, Regina.

Co-operative House Building, Moose Jaw.



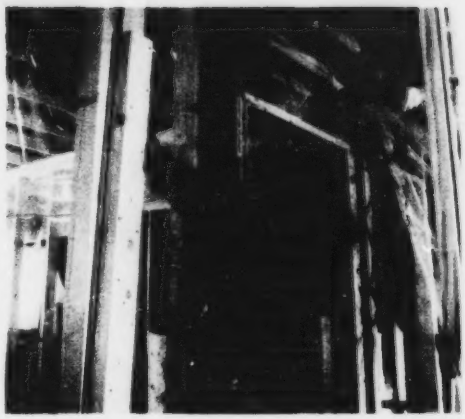
This program offers assistance to families wishing to construct their own homes as members of a building co-operative.

The province provides capital funding for the construction of co-operative housing units and subsidy assistance of up to $150 per month to reduce participants' mortage payments in the initial years. The mortgage interest rate is fixed for ten years, at a current rate of 16%, to protect families from rapid changes in interest rates. Financial advice and technical training during construction are offered by the Corporation. The Department of Co-operation and Co-operative Development provides promotion and development services.

Members of a co-operative building group can achieve significant cost savings in the construction of their homes through bulk purchasing of materials and by contributing their own labour. These savings reduce the size of the mortgage that co-op members are required to assume when the co-operative is dissolved and the members receive individual titles to their homes.

The co-op groups may utilize as much or as little of the services of private contractors as they wish, provided members still contribute 5% "sweat equity".

A total of 1,490 units have been started since the program began in 1975. Of those, 407 were started in 1981.



Co-operative House Building, Estevan.

CO-OPERATIVE HOUSE BUILDING

1981 Starts

Centre	Units
Allan	4
Assiniboia	1
Ebenezer	2
Estevan	8
Gravelbourg	1
Humboldt	1
Kindersley	7
Langenburg	2
Lloydminster	1
Melville	2
Moose Jaw	7
Muenster	1
Ponteix	5
Prince Albert	15
Regina	239
Rosetown	4
Saltcoats	1
Saskatoon	87
Swift Current	2
Tisdale	2
Watrous	1
Weyburn	3
Yorkton	11
TOTAL	**407**

The Farm Housing Program provides assistance to farm families wishing to construct their own homes.

To be eligible, participants must earn their principal income from farm operations and use their farms as their principal residence for more than nine months of the year.

The Corporation provides two forms of assistance under this program: loan assistance and subsidy assistance. Loans are amortized over 35 years with a ten year term. Payments on the loans can be made on a monthly, semi-annual or annual basis. Security is required in the form of a promissory note or a mortgage.

Those farmers with incomes that are inadequate to support the full cost of principal and interest can qualify for subsidies to a maximum of $1,800 per year.

The required down payment of 5% of the appraised value of a home can be provided in the form of cash or "sweat equity".

Introduced in 1981, the Farm Housing Program assisted 121 farm families to start construction on their homes during the year, with a further 133 commitments issued for starts in 1982.

Farm Housing, near Davidson.

The Rural Housing Program enables low and moderate income families, whose annual income could not otherwise support the full cost of purchasing a home, to acquire new homes. Families with gross earnings up to $15,000 per year are eligible for assistance under this program. The program was designed to improve housing in rural areas of the province and is offered only in communities of 2,500 population or less.

The federal and provincial Governments share the capital costs and subsidies on homes provided under the program on a 75% federal and 25% provincial basis. The subsidies reduce mortgage payments to no more than 25% of a family's income.

In addition to its main purpose of assisting families in smaller centres to obtain housing, the program is designed to provide increased employment opportunities and job training for native people in the construction industry.

In keeping with these secondary objectives, 5 non-profit housing groups were in operation at the end of 1981.

These groups, together with other contractors, started construction on 142 units in 25 communities in 1981.

RURAL HOUSING

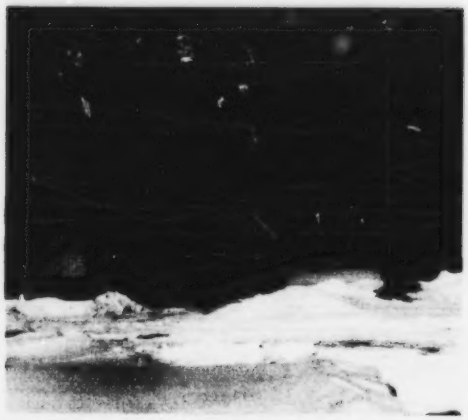
1981 Starts

Centre	Units
Allan	5
Battleford	5
Beechy	2
Blaine Lake	3
Brancepath	2
Broadview	2
Big River	3
Cando	8
Crutwell	7
Debden	4
Eatonia	4
Eston	5
Foam Lake	3
Grenfell	3
Lipton	1
Moosomin	2
Martensville	32
Naicam	5
Outlook	15
Primate	4
Rhein	5
St. Louis	12
Wadena	1
Watrous	5
Watson	4
TOTAL	**142**

Rural Housing, Martensville.

The Home Energy Loan Program provides a $3,000 interest-free loan, repayable over 10 years, to the first owner of a newly constructed energy efficient home. The home must meet the minimum technical standards of the program. These standards are projected to reduce the space heating requirements of the home by approximately 75% over that of a similar conventional home.

During the year, 333 home builders applied to the Corporation for certification of housing units under construction. Following certification, loans are provided by the Saskatchewan Power Corporation to eligible purchasers and owners.



Home Energy Loan Dwelling, Regina.

Public Housing for Senior Citizens, Harry Landa Court, Saskatoon.

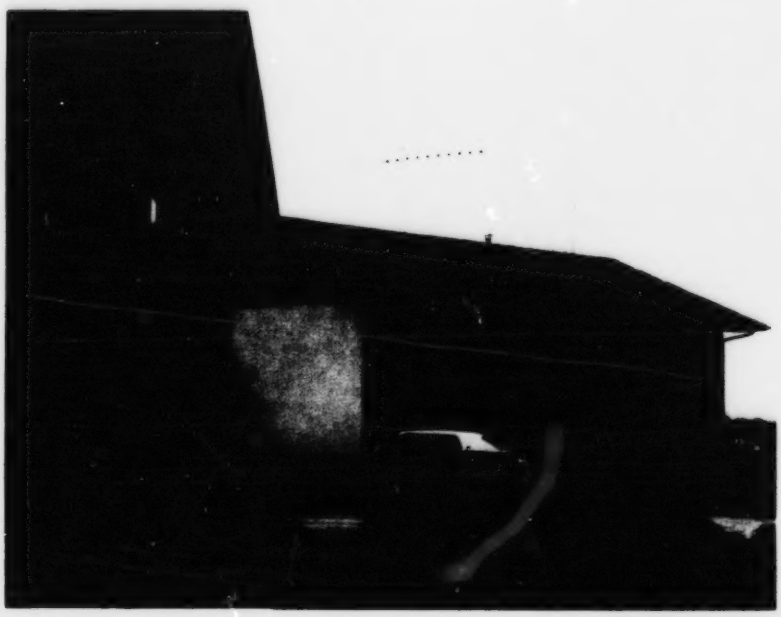
The Non-Profit Rental Housing Program was initiated to relieve the shortage of rental accommodation throughout the province.

The non-profit nature of the program ensures that rents, which are geared to moderate income levels, will increase only as operating costs increase.

In February 1977, Prairie Housing Development (PHD), a non-profit organization was incorporated to build and manage rental projects in selected centres, both large and small, throughout the province. Capital funding and construction management is provided through the Saskatchewan Housing Corporation.

Federal subsidies in the form of an "interest write-down", which pays the difference between market mortgage rates and a 2% interest rate on the capital costs, are also provided. Mortgage funding is supplied by the Corporation.

During 1981, construction started on 325 rental units, with commitments made for an additional 485 starts in early 1982. A total of 307 units were completed under this program bringing the total number of units in the province to 1,027 at year end.



Non-Profit Rental Housing, Moosomin.

NON-PROFIT RENTAL HOUSING
Completed Units at December 31, 1981

Centre	Units
Alsask	6
Bengough	4
Carlyle	12
Churchbridge	8
Colonsay	8
Coronach	75
Cutknife	6
Davidson	6
Delisle	8
Elrose	8
Englefeld	6
Esterhazy	23
Estevan	12
Frontier	60
Gravelbourg	6
Hudson Bay	24
Indian Head	6
Kamsack	15
Kindersley	12
Lanigan	36
Langenburg	6
Leroy	4
Lloydminster	83
Moose Jaw	90
Moosomin	8
North Battleford	12
Outlook	8
Prince Albert	95
Quill Lake	2
Redvers	6
Regina	265
Rocanville	8
Rosetown	15
St. Brieux	14
Swift Current	12
Tisdale	16
Viscount	10
Waldheim	6
Watrous	8
Watson	6
Weyburn	12
TOTAL	**1,027**

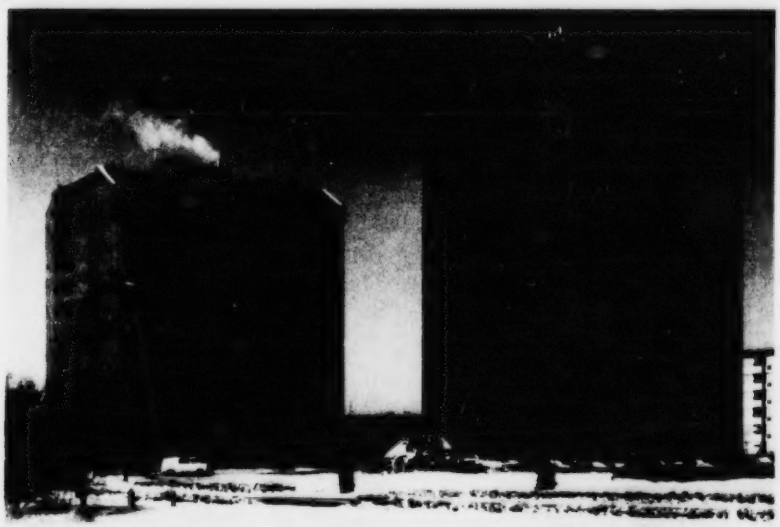
Non-Profit Rental Housing, Infill Construction, Rae Street, Regina.

Public Housing projects provide rental accommodation to low income senior citizens and families who are unable to afford private market rental accommodation. Rents are based on income, with residents paying no more than 25% of their gross income.

This low rental housing accommodation is provided by a federal, provincial and municipal partnership. Capital costs and operating losses are shared on a 75% federal, 20% provincial and 5% municipal basis.

Following completion, projects are transferred to local housing authorities. Housing authorities are appointed by the partnership and are responsible for the day to day management of the project, including tenant selection, rent collection and maintenance. At December 31, 1981, there were a total of 204 housing authorities in the province.

During 1981, 850 public housing units were started in 28 communities throughout the province. In addition, 977 units were completed in 31 communities, bringing the total provincial inventory of public housing units to 9,133.



Public Housing for Senior Citizens, Scott & Forget Towers, Saskatoon.

PUBLIC HOUSING 1981 STARTS
Number and Type of Unit

Centre	Senior Citizen	Family
Annaheim	6	
Buchanan	8	
Buffalo Narrows	8	
Canora	16	
Esterhazy	30	
Humboldt	34	
Invermay	6	
La Loche	12	
Leroy	2	
Maryfield	6	
Meota	10	
Montmartre	2	
Moose Jaw	152	
Moosomin	30	
Nipawin	61	
Paynton	6	
Porcupine Plain	24	
Regina	144	22
Saskatoon	77	24
Shell Lake	6	
Stockholm	4	
Tisdale	42	
Wapella	8	
Watrous	8	
Weyburn	84	
White Fox	6	
Yellow Grass	2	
Young	10	
TOTAL	**804**	**46**
TOTAL STARTS	**850**	

Duly constituted non-profit organizations may apply to the Saskatchewan Housing Corporation for construction grants equal to 20% of capital costs for building senior citizens' apartment projects.

Federal subsidies in the form of an "interest write-down", which pays the difference between market mortgage rates and a 2% interest rate on capital costs, are also provided. The loans are obtained from private lenders.

In 1981, projects totalling 62 units, were assisted under the program.

Under this program, the Corporation acquires existing moderately priced housing for rental to low income families. Rents on these units are based on the tenant's income and in no case does a tenant pay more than 25% of the gross family income for rent.

The acquisition of these units is shared 75% by the federal Government and 25% by the provincial Government. In Regina, units are administered by the Regina Low Income Housing Corporation, Regina Friendship Centre and Saskatchewan Housing Corporation. Units in other centres are administered by local housing authorities.

During 1981, a total of 54 units were acquired under this program bringing the total number of units in the province to 536.

With a combination of several existing programs, including public housing, non-profit housing and co-operative house building, the Corporation has increasingly focussed activity on selected inner city areas as a means of assisting in their revitilization. This initiative, commonly referred to as infill housing, helps upgrade inner city residential neighbourhoods by replacing units beyond repair with new construction, and repairing existing units that can be saved.

The new and rehabilitated units in infill areas will provide housing opportunities for low and moderate income families and senior citizens who prefer, and benefit from, a central location. The initiative will also enable municipalities to more fully utilize existing infrastructures and reduce the rate of urban sprawl.

It is hoped that the Corporation's activity in the older neighbourhoods will encourage the private sector to participate in the renewal of these areas.

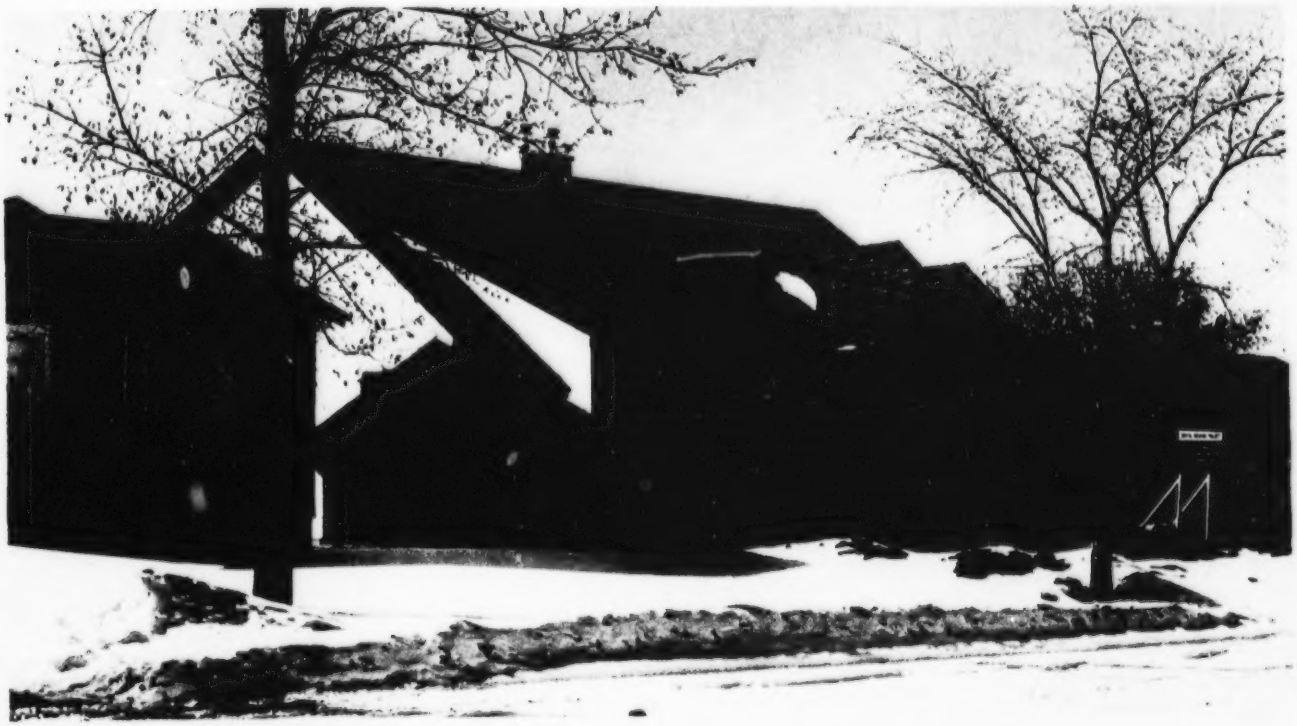
The first priority of the program is to acquire a land base through the Land Assembly Program. This is followed by rehabilitation of homes, when possible, and the construction of new units on lots that are either vacant or have units that cannot be rehabilitated. The program is implemented in full consultation with both the municipality and the local neighbourhood.

Land acquisition in the first two neighbourhoods, in Regina, was largely completed in 1980, with renovation and construction activity starting in 1981. 17 units were renovated and 241 new units committed, including a 144 unit senior citizen's project in Regina's Cathedral area.

Preliminary work to expand the program to other communities also began in 1981.

Infill Housing Construction, Rae Street, Regina.

Infill Housing Construction, Argyle Street, Regina.



Streetscape Perspective, — a submission to Infill Architectural Competition, Regina.

This program is designed to assist non-profit housing companies to provide accommodation for low income families in urban communities with a population of 2,500 or more.

The federal government provides a subsidy equal to the amount necessary to produce an effective interest rate of 2%. The provincial government provides additional subsidies as required up to an amount equal to federal subsidies. Any remaining subsidies required to meet the needs of very low income tenants are shared equally between federal and provincial governments.

Tenants' rents are based on the public housing rent to income scale and never exceed 25% of household income.

Secondary objectives of the program are to provide native housing groups with management expertise, and tenants with counselling and other assistance.

During 1981, 337 existing units were purchased under the program. This brings the total inventory to 490 units as of December 31, 1981.

URBAN NATIVE UNITS
Inventory at December 31, 1981

Centre	Units
Lloydminster	40
Meadow Lake	23
Prince Albert	98
Regina	177
Saskatoon	101
Yorkton	51
TOTAL	**490**

Senior Citizens Home Repair — new storm doors help to make this Saskatoon home more livable.

Repair Programs

Residential Rehabilitation
Home Modification for the Physically Handicapped
Senior Citizens Home Repair
Warm Up Saskatchewan

The Residential Rehabilitation Program provides low interest loans of up to $8,000 to home owners with incomes of $16,500 or less to assist in upgrading existing housing stock in the province.

Each loan includes a forgivable amount which need not be repaid by the borrower, provided the borrower continues to reside in the home for up to five years. The amount of forgiveness is based on the applicant's income and cost of repairs, but cannot exceed $2,500. Applicants need not borrow any repayable loan in order to qualify for the forgivable portion.

Repairs done under this program must be directly related to the housing unit and must be approved by the Saskatchewan Housing Corporation before the work is begun. Loans are intended to cover the costs of major home repairs including work to reduce energy consumption in the home.

Senior citizens can combine assistance available under the Residential Rehabilitation Program with the assistance offered under the Senior Citizens Home Repair Program to increase the amount of non-repayable assistance.

In 1981, 658 new loans were approved.

On July 1, 1977 the Corporation accepted responsibility for administration of the Federal Rural Residential Rehabilitation Assistance Program. This program is available in centres of less than 2,500 population, and operates in a manner similar to the provincial program. In 1981, 709 loans were approved.

This program is intended to aid physically handicapped individuals to remain independent by assisting them with design changes that will make their homes more comfortable and livable.

Individuals with a long-term disability or the parents/guardians of individuals with a handicap may qualify for a grant of up to $2,000 to modify their homes.

To be considered eligible for assistance, individuals must own their homes or receive permission from their landlords and have annual incomes of less than $16,500.

Only home modifications which are necessary to accomodate the particular handicap of the applicant are eligible for assistance. The program can, however, be combined with the Corporation's other home repair programs to allow other renovations as well.

1981 marked the introduction of this program. During the year, 87 grants were approved.

Home Modification for the Physically Handicapped – a new ramp at this Regina home increases mobility.

The Senior Citizens Home Repair Program provides an opportunity for senior citizens to remain independent in their own homes by assisting them with repairs that will make their homes more comfortable and livable.

The total grant available is up to $650, depending on both income and the cost of work to be done. Household income must not exceed $7,000 for individuals and $11,000 for married couples. The grant is renewable every five years.

Repairs which will extend the life of the home, protect the health and safety of the owner or improve the appearance of the home are eligible for assistance, provided that the work is approved in advance by the Corporation.

In addition to improvements in housing stock, the program also helps stabilize employment in the housing industry through its operation as a winter works program.

During 1981, 1,792 grants were paid under the program.

Senior Citizens Home Repair — new storm windows and increased insulation help to make this Swift Current home more comfortable.

To improve the energy efficiency of an owner occupied home, Warm Up Saskatchewan provides interest-free loans of up to $1,000.

Eligible work includes improving insulation, upgrading storm windows and doors, and other similar projects.

The program is administered by the Saskatchewan Power Corporation and the Saskatchewan Housing Corporation.

Since the program's introduction in May 1978, 10,036 loan applications have been approved. Of these, 3,214 were approved in 1981.

Land Assembly, Community Centre construction in North West Regina.

The Land Assembly Program is designed to assist municipalities with their residential land needs through the provision of capital funding for the acquisition and servicing of lots. In 1981, $29 million in capital funding was available to finance the 95% provincial share of costs. The local municipality contributes the remaining 5%.

The policy of the Corporation is to attempt to develop a two to three year supply of serviced lots, supported by a 15 year supply of banked land ready for development. With an adequate supply of lots available for sale, price increases may be better controlled.

Excess revenue from lot sales, over and above development costs for land assembly projects undertaken by the Corporation, is provided to the community for use in the development of recreational and social facilities.

This arrangement resulted in the start of construction during the year of a multi-purpose recreation complex in the North West part of the City of Regina. The Corporation has committed $2 million toward this project. The funds were generated from revenues resulting from lot sales in that part of Regina.

In 1981 development was completed on 945 residential lots in 12 communities throughout the province, bringing the total inventory to 2,554 lots.

Major development activity resulted in a further expansion of the Wood Meadows subdivision in South East Regina and in the creation of the Rochdale Park subdivision in North West Regina.

LAND ASSEMBLY

1981 Land Development Completed

Centres	Lots
Biggar	48
Birch Hills	25
Cutknife	21
Langenburg	33
Marsden	10
Meadow Lake	32
Naicam	28
Outlook	70
Prince Albert	352
Regina	292
Springside	34
TOTAL	**945**

Land Assembly, Wood Meadows Subdivision, Regina.

The Saskatchewan Housing Corporation Act

This Act established the Saskatchewan Housing Corporation, its staff, departmental organization, powers and duties. Under the terms of this Act, the Corporation has assumed the assets, liabilities and responsibilities formely held by the Housing and Urban Renewal Branch, Department of Municipal Affairs. This Act also assigns to the Corporation the responsibility of administration of the Senior Citizens Home Repair Assistance Act.

Senior Citizens Home Repair Assistance Act

This Act enables the Corporation to provide grants to elderly persons who require assistance in making necessary repairs to their homes. The Act was amended in 1978 to increase the level of grants and provided for grants to be renewable every five years.

Financial Statements

Saskatchewan Housing Corporation
and Wholly-Owned Subsidiary

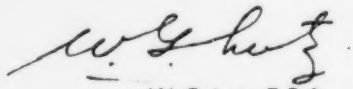
Prairie Housing Development — Operates and Administers the
Non-Profit Rental Housing Program Throughout the Province

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the consolidated statement of financial position of the Saskatchewan Housing Corporation as at December 31, 1981 and the consolidated statements of operations, program grants and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1981 and the results of its operations, program grants and the changes in its financial position for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements applied, after giving retroactive effect to the revisions to information reported in 1980 as explained in Note 11 to the financial statements, on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
March 30, 1982.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Saskatchewan Housing Corporation

Consolidated Statement of Financial Position

As at December 31

Assets	1981	1980
Cash and Short Term Investments, At cost (approximates market value)	$ 3,339,263	$ 10,225,210
Receivables	60,204,543	43,125,018
Fixed Assets	182,020	133,582
Mortgages and Loans (Note 3)	47,521,343	29,924,385
Land Assembly and Development (Notes 1, 2 and Schedule 1)	44,859,959	41,415,172
Investment in Housing Projects (Notes 1, 2, 10 and Schedule 2)	122,683,445	98,234,444
	$278,790,573	**$223,057,811**

Liabilities and Province's Equity

Liabilities:		
Accounts Payable and Accrued	$ 25,053,683	$ 22,969,425
Accumulated Provision for Capital Replacement	1,733,687	985,942
Funds Held in Trust (Note 8)	9,154,252	5,929,328
Long Term Debt (Note 6)	225,532,202	184,552,728
	$261,473,824	$214,437,423
Commitments (Note 4):		
Province's Equity:		
Unexpended Grants (Note 10)	9,619,099	971,176
Contributed Surplus (Note 5)	7,515,630	7,515,630
Equity in Fixed Assets	182,020	133,582
	$ 17,316,749	$ 8,620,388
	$278,790,573	**$223,057,811**

See accompanying notes

Saskatchewan Housing Corporation

Consolidated Statement of Operations

For the Year Ended December 31

	1981	1980
Revenues		
Land Sales (Notes 2 and 9)	$11,117,251	$ 2,678,835
Rents	5,213,003	3,511,723
Interest from Mortgages and Loans	3,859,720	1,160,176
Other Income	10,926	85,758
	$20,200,900	**$ 7,436,492**
Expenditures		
Cost of Land Sales (Notes 2 and 9)	$ 8,139,695	$ 2,485,187
Interest Expense (Note 7)	3,123,208	1,420,325
Taxes, Insurance and Other	2,943,422	2,071,902
Maintenance	1,442,742	1,247,758
Provision for Loss on Finalization of Housing Units for Sale (Note 10)	600,000	—
Amortization	129,123	100,927
	$16,378,190	**$ 7,326,099**
Excess of Revenues over Expenditures	$ 3,822,710	$ 110,393
Surplus on Land Sales Transferred to Funds Held in Trust (Note 2)	3,317,556	193,648
Net Surplus (Loss) from Investment Operations	$ 505,154	$ (83,255)
Administration:		
Salaries and Benefits	$ 4,224,141	$ 3,311,867
Other	1,898,854	928,213
	$ 6,122,995	$ 4,240,080
Less Recovery	777,179	687,506
	$ 5,345,816	**$ 3,552,574**
Net Deficit Before Contributions by Province	**$ 4,840,662**	**$ 3,635,829**
Contributions by Province		
Low Rental Housing Subsidies	$ 3,405,555	$ 3,037,701
Operating Grant	1,435,107	598,128
	$ 4,840,662	**$ 3,635,829**

See accompanying notes

Saskatchewan Housing Corporation

Consolidated Statement of Program Grants

For the Year Ended December 31

Grant Payments	1981	1980
Residential Rehabilitation Loan Forgiveness	$ 1,465,288	$ 1,052,443
Non-Profit Sponsors of Moderately Priced Senior Citizens Accommodation	1,333,418	639,431
Senior Citizens Home Repair Assistance	1,010,727	1,659,071
Non-Profit Sponsors of Moderately Priced Accommodation	837,492	271,989
Co-operative Housing Program	644,286	194,131
Handicapped Program	40,555	—
Subsidy and Self-Help	19,003	121,296
Rural Housing Program	12,053	11,986
House Building Assistance	5,410	25,086
	$ 5,368,232	**$ 3,975,433**
Contributions by Province of Saskatchewan (Note 1)	**$ 5,368,232**	**$ 3,975,433**

See accompanying notes

Saskatchewan Housing Corporation

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31

Source of Funds:	1981	1980
Operations		
Expenditures Not Requiring Cash:		
Cost of Land Sales	$ 8,139,695	$ 2,485,187
Provision for Loss on Finalization of Housing Units for Sale	600,000	—
Amortization	129,123	100,927
Provision for Capital Replacement	365,361	184,392
	$ 9,234,179	$ 2,770,506
Repayment of Mortgages and Loans	3,645,316	2,928,899
Proceeds from Sale of Investments in Housing Projects	—	99,231
Increase in Accounts Payable and Accrued	2,084,258	5,977,746
Increase in Funds Held in Trust	3,224,924	723,842
Proceeds of Long Term Debt — Province of Saskatchewan	42,075,000	31,887,000
Increase in Unexpended Grants	8,647,923	3,078,023
	$68,911,600	**$47,465,247**
Application of Funds:		
Increase in Receivables	$17,079,525	$ 6,499,677
Investments in Mortgages and Loans	21,242,274	17,621,870
Investments in Land Assembly and Development	11,584,482	15,718,072
Investments in Housing Projects	24,795,740	25,048,240
Repayment of Long Term Debt	1,095,526	1,062,512
	$75,797,547	**$65,950,371**
Decrease in Funds	$ 6,885,947	$18,485,124
Funds:		
Cash and Short Term Investments, Beginning of Year	10,225,210	28,710,334
Cash and Short Term Investments, End of Year	**$ 3,339,263**	**$10,225,210**

See accompanying notes

Notes to Financial Statements

December 31, 1981

Note 1 Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation, its wholly-owned subsidiary, Prairie Housing Development and the Corporation's proportionate share of the net assets and revenues and expenditures of the joint venture housing projects in which it participates, as described in Note 2.

Investment in Housing Projects

Completed projects are carried at cost less accumulated amortization. The Corporation capitalizes the following costs in arriving at the cost of a project:

- Land acquisition costs
- Direct development and construction costs
- Land carrying costs, interest and results of rental operations prior to close out date.

Low Rental Housing projects are closed to Projects Completed at December 31 of the year agreed to by the Federal and Provincial partners, based on the expiration of the warranty period and a mutually acceptable determination of the final capital costs. Non-Profit Rental projects are closed out in the month and year in which the construction is completed and renting can begin. Amortization is recorded on completed projects on the sinking fund basis. By this method, amortization is charged to expense in an amount which increases annually and is considered sufficient to amortize the projects fully over their anticipated useful lives.

Land Assembly and Development

Land is carried at the lower of cost and net realizable value.

The Corporation capitalizes the following costs in arriving at the cost of land:

- Land acquisition costs
- Direct development costs
- Land carrying costs
- Interest on inventoried costs.

Income from the sale of land by the Corporation is recorded at the time a lot sales agreement is executed and a $500 cash deposit is received. Lot sale returns are charged against current land sales.

The cost of land sales is allocated in proportion to anticipated revenue.

The sales proceeds from the projects less gains on sales are shared by the participants in the ratio of their investments. The gain on sale is held in a trust account on account of the Municipalities for social or recreational development in the subdivision or such other use as may be approved by the Corporation. Additional amounts transferred to Funds Held in Trust include interest earned, surpluses on internal transfers, interest charges to developers and forfeited deposits. Future lot sales at less than the development costs will result in reductions to the Funds Held in Trust. Any losses incurred on completed projects are borne by the Corporation. Transfers of land for use in housing projects are made at normal market prices.

Fixed Assets

Purchases of office and specialized equipment are charged to operations in the year of purchase and gross proceeds on any disposal are recorded as revenue. Fixed assets are shown on the balance sheet at original cost with the offsetting credit to equity in fixed assets.

Contributions by Province of Saskatchewan

The Corporation receives operating and program grants, including the Low Rental Housing Subsidies described below, from the Province of Saskatchewan on the fiscal year basis of the Consolidated Fund of the Province.

For the purpose of revenue recognition, the statements of operations and program grants show revenues equal to expenditures. Contributions by the Province of Saskatchewan have been recorded to cover current net operations and program grants expended at the year end pursuant to the provisions of Section 36 of The Saskatchewan Housing Corporation Act. Program grants paid are primarily accounted for on a cash basis.

Low Rental Housing Subsidies

Low Rental Housing Subsidies are related to investments in housing projects constructed for rent to low and moderate income tenants. The rents charged are dependent on tenants' incomes and this revenue does not necessarily cover the operating costs and debt retirement requirement of the project. The Corporation's share of project deficits, after taking into consideration the amount required to amortize the capital costs of the housing projects, is recovered from Low Rental Housing Subsidies paid from the Consolidated Fund of the Province of Saskatchewan.

Note 2 Joint Ventures

Investment in Housing Projects

Low Rental Housing projects are constructed and operated under terms of joint venture agreements entered into with Canada Mortgage and Housing Corporation and various Municipalities. The Corporation's participation in these joint ventures is variable but approximates twenty percent. The Corporation's participation in these joint ventures as incorporated in the consolidated financial statements is as follows:

Assets:	**1981**	**1980**
Net Working Assets — Housing Authorities ...	$ 2,366,960	$ 1,541,395
Investment in Housing Projects		
— Completed	33,082,338	29,139,299
— Under Construction	26,157,010	21,608,979
Revenues:		
Rents	$ 2,256,690	$ 1,907,614
Expenditures:		
Maintenance	$ 712,578	$ 756,368
Taxes, insurance and other	1,727,765	1,285,976
	$ 2,440,343	**$ 2,042,344**
Excess of Expenditures over Revenues Before Debt Retirement	**$ 183,653**	**$ 134,730**

Land Assembly and Development

Land Assembly and Development projects are developed under terms of joint venture agreements entered into with various Municipalities. Development costs are shared ninety-five percent by the Corporation and five percent by the Municipality. The Corporation's participation in these joint ventures are incorporated in the consolidated financial statements as follows:

Assets:	**1981**	**1980**
Land Assembly and Development	$44,859,959	$41,415,172
Revenues:		
Land Sales	$11,117,251	$ 2,678,835
Expenditures:		
Cost of Land Sales	8,139,695	2,485,187
Excess of Revenues Over Expenditures	**$ 2,977,556**	**$ 193,648**
Recovery from Province of Provision for Loss on Land Development	$ 340,000	—
Transferred to Funds Held in Trust	**$ 3,317,556**	**$ 193,648**

Note 3 Residential Rehabilitation Loan Forgiveness

The Corporation, on behalf of the Province of Saskatchewan, administers a program of providing loans to people for repairing their homes. If prescribed conditions are met, all or a portion of the loan is forgiven. The forgivable portion of the loan is reimbursed to the Corporation by the Province. The portion of mortgages and other loans receivable included in the financial statements at the year-end under this program totalled $7,453,767 (1980 - $7,694,519) of which $3,810,303 (1980 - $4,097,034) is eligible to be forgiven.

Note 4 Commitments

The Corporation had the following commitments as at December 31, 1981:

(a) Construction expenditures in the amount of $42,300,000.

(b) Land development expenditures in the amount of $6,700,000.

(c) Mortgages and loans, approved but undisbursed, approximating $14,500,000.

(d) Lease payments extending to 1990 at an annual minimum amount of $500,000.

Note 5 Contributed Surplus — Province of Saskatchewan

Pursuant to Section 4(5) of The Saskatchewan Housing Corporation Act, property acquired by the Province of Saskatchewan under The Housing and Urban Renewal Act was transferred from the Consolidated Fund of the Province to the Corporation in 1973. This asset transfer totalled $7,515,630 and is reflected as contributed surplus in these financial statements.

Note 6 Long Term Debt

Advances from Province of Saskatchewan

Interest Rate	Year Repayable	Amount	Interest Rate	Year Repayable	Amount
8.21%	1995	$5,197,000	9.46%	1998	$ 7,168,000
8.65%	1995	6,541,000	9.49%	1998	5,794,000
8.96%	1995	7,998,000	10.26%	1999	4,000,000
9.04%	1996	7,899,000	10.02%	1999	2,427,000
9.00%	1996	5,000,000	10.02%	1999	7,578,000
8.97%	1996	6,032,000	9.98%	1999	6,648,000
9.25%	1996	5,141,000	10.22%	1999	6,258,000
9.22%	1996	3,202,000	10.68%	1999	4,000,000
9.02%	1997	2,393,000	11.50%	1999	4,667,000
8.83%	1997	4,082,000	11.20%	2000	1,233,000
9.22%	1997	4,000,000	12.74%	2000	9,329,000
9.06%	1997	6,399,000	11.61%	2000	6,661,000
9.18%	1997	4,694,000	12.55%	2000	6,752,000
9.00%	1997	5,972,000	12.51%	2000	926,000
8.99%	1997	2,765,000	13.09%	2000	6,986,000
8.77%	1997	4,671,000	13.13%	2001	7,204,000
8.88%	1997	4,894,000	13.66%	2001	5,871,000
8.98%	1997	3,537,000	15.69%	2001	14,421,000
8.98%	1998	1,542,000	17.00%	2001	7,611,000
9.37%	1998	6,526,000	17.51%	2001	6,968,000
					$220,987,000

Canada Mortgage and Housing Corporation — Loans

6.875% — 11% due 1982 - 2011
($3,498,029 secured by land assembly projects) ..... $ 4,442,828

Other — Land purchase agreements, due 1982 - 1984 .... $ 280,879

$225,710,707

Less: Long term debt due within one year 178,505

$225,532,202

The estimated annual repayment on the outstanding debt for the next five years is as follows:

1982	$178,505	1985	$ 28,926
1983	116,346	1986	32,651
1984	66,057		

Debt repayment on $3,498,029 of the Canada Mortgage and Housing Corporation liability which represents land assembly loans will be related to future lot sales.

Note 7 Interest Expense

	1981	1980
Interest Incurred	$21,874,388	$16,291,211
Less: Interest capitalized	(9,453,195)	(6,917,207)
Interest recovered	(4,475,636)	(3,209,714)
Interest on short term investments	(1,896,910)	(3,094,251)
Interest reduction contributions	(2,925,439)	(1,649,714)
	$3,123,208	**$1,420,325**

Interest reduction contributions are provided to Prairie Housing Development by the Canada Mortgage and Housing Corporation subject to the terms of an agreement entered into by the Corporation with C.M.H.C. under Section 56.1 of The National Housing Act.

Note 8 Funds Held in Trust

	1981	1980
Balance, January 1	$ 5,929,328	$ 5,030,361
Add: Surplus on Land Sales	3,317,556	193,648
Interest	381,409	169,723
Internal Transfers and Other	122,535	535,596
	$ 9,750,828	**$ 5,929,328**
Deduct: Funds Paid Out	596,576	—
Balance, December 31	**$ 9,154,252**	**$ 5,929,328**

Note 9 Land Sales Transactions

Land Sales and Cost of Land Sales have been reduced respectively by $100,200 and $79,008 (1980 - $1,839,480 and $1,346,206), representing sales agreements cancelled during the current year but executed in prior years.

Note 10 Rural Housing

Investment in Housing Projects

At December 31, 1981 Projects Under Construction included costs for Rural Housing units of approximately $15,300,000 (1980 - $13,400,000) after taking into consideration Provision for Loss on Finalization of Housing Units for Sale of $600,000. During 1982, finalization of sales will take place for a majority of these units and the related costs will be transferred to Mortgages and Loans.

Unexpended Grants

At December 31, 1981 Unexpended Grants included approximately $2,700,000 in Rural Housing subsidies received from the Province in the years 1978 to 1981. Upon finalization of the sales referred to earlier in this note, the major portion of these subsidies will be expended through retroactive application against buyers' mortgages.

Note 11 Revisions to Information Reported in 1980

Information which became available in 1981 has necessitated revisions to amounts previously reported.

These restatements have resulted in the following increases (decreases) to items in the 1980 Statement of Operations:

Interest Expense	($349,364)
Taxes, Insurance and Other	103,642
Maintenance	184,392
Recovery of Administration	280,149
Low Rental Housing Subsidies	108,170

Increases (decreases) to asset, liability and equity accounts for 1980 and prior were as follows:

Receivables	$500,663
Land Assembly and Development	163,677
Accounts Payable and Accrued	188,334
Accumulated Provision for Capital Replacement	184,392
Funds Held in Trust	(257,725)
Unexpended Grants	549,339

Note 12 Comparative Information

Certain 1980 financial information has been reclassified in order to conform with the 1981 presentation.

Note 13 Related Party Transactions

Related parties to the Corporation are Saskatchewan's Crown controlled departments, agencies and corporations. Transactions with these parties are conducted at normal market prices, except that expenditures for the acquisition of furniture and furnishings have been paid by the Department of Government Services.

Note 14 Remuneration for Directors and Senior Officers

During the year ended December 31, 1981 eleven persons (1980 - fifteen) served on the Corporation's Board of Directors and seven persons (1980 - seven) served as senior officers. Certain senior officer positions were unoccupied for portions of 1981.

The aggregate remuneration to directors amounted to $3,475 (1980 - $3,800) and the aggregate remuneration to senior officers was $288,127 (1980 - $280,470).

Saskatchewan Housing Corporation

Schedule of Land Assembly and Development

Schedule 1

For the Year Ended December 31

	Cost at Dec. 31/80	Current Acquisitions
Land Assembly and Development	**$41,415,172**	**$ 8,392,876**

Schedule of Investment in Housing Projects

Schedule 2

For the Year Ended December 31

	Net Book Value Dec. 31/80	Cost at Dec. 31/80
Projects Completed		
Subsidized Public Housing	$26,355,532	$26,667,522
Houses for Rent to People of Indian Ancestry	2,783,767	2,924,141
Houses for Sale or Rent	186,908	192,584
Rental Housing	23,434,865	23,463,119
	$52,761,072	**$53,247,366**

	Cost at Dec. 31/80	Current Acquisitions
Projects Under Construction		
Subsidized Public Housing	$34,799,978	—
Houses for Rent to People of Indian Ancestry	237,414	—
Rental Housing	10,435,980	—
	$45,473,372	$ —
Total	**$98,234,444**	

Direct Development and Construction Costs	Interest Capitalized	Accumulated Costs	Cost of Land Sales and Transfers	Cost at Dec. 31/81
$ 6,530,229	$ 5,383,797	$61,722,074	$16,862,115	$44,859,959

Additions	Disposals	Cost at Dec. 31/81	Accumulated Amortization at Dec. 31/81	Net Book Value Dec. 31/81
$ 3,278,961	$ —	$29,946,483	$ 370,602	$29,575,881
745,202	—	3,669,343	162,886	3,506,457
—	46,506	146,078	5,676	140,402
14,177,946	—	37,641,065	76,254	37,564,811
$18,202,109	$ 46,506	$71,402,969	$ 615,418	$70,787,551

Direct Development and Construction Costs	Interest Capitalized	Accumulated Costs	Projects Completed	Cost at Dec. 31/81
$ 6,352,363	$ 3,296,323	$44,448,664	$ 3,278,961	$41,169,703
753,738	—	991,152	745,202	245,950
13,496,235	725,972	24,658,187	14,177,946	10,480,241
$20,602,336	$ 4,022,295	$70,098,003	$18,202,109	$51,895,894
				$122,683,445